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UNCLAS SECTION 01 OF 04 BRASILIA 002171

SIPDIS

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USDOC FOR ITC

E.O. 12958: N/A
TAGS: [ENRG](#) [SENV](#) [PREL](#) [EINV](#) [ECON](#) [PGOV](#) [OTRA](#) [BR](#)
SUBJECT: BIOFUELS IN BRAZIL

REF: STATE 133131

¶1. (SBU) Summary: In response to reftel request, and pursuant to request for extension to Oct. 19 response date, Post submits the following information regarding the development and adoption of bio-based chemical products and liquid biofuels in Brazil, including research and reports available, funding, investment incentives and tax policies, etc. End summary.

¶2. (U)

RESEARCH/REPORTS

With regard to reftel paragraph 6, which requested titles, authors, and dates of publication of significant existing academic research, industry reports, government publications and/or other information on foreign government policies relating to the development and adoption of bio-based chemical products and liquid biofuels published since 2004:

a. The USDA's Foreign Agricultural Service (FAS) publishes annual reports regarding production of ethanol and biodiesel in Brazil each year. 2007 reports, available from FAS's Office of Agricultural Affairs and its Agricultural Trade Office (ATO), located in U.S. Embassy Brasilia and U.S. Consulate Sao Paulo, respectively, are:

- BR7011 Brazil Biofuels Annual-Ethanol
- BR7012 Brazil Biofuels Annual-Biodiesel
- BR7015 Brazil Sugar Semi-Annual, which was released on Oct. 18 and contains ethanol statistics, as well.

Contact the ATO as per information in paragraph 10 for copies via e-mail of these and previous reports.

b. www.biodiesel.gov.br is a GoB site with in-depth information on their biodiesel program, including legislation, research and production. This site is available only in Portuguese.

c. <http://www.portalunica.com.br/portalunica/?Secao=referencia> provides information on legislation and government programs supporting ethanol production and use. While UNICA has an English language site, this section is only available in Portuguese. [Note: any spaces in any link referenced in this document must be deleted before attempting to utilize the link. Cable format prohibits sending strings in excess of 55 characters without a space or return embedded. End note.]

R&D Funding

¶3. (U) Levels and trends of foreign government funding for R&D:

- Information on this topic obtained from the Instituto Agronomo, IAC, and EMBRAPA, the Empresa Brasileira de Pesquisa Agropecuaria, can be obtained in collaboration with the ATO.
 - In addition, the Conselho Nacional de Desenvolvimento Cientifico e Tecnico (CNPq)/National Council for Scientific and Technical Development, an agency of the Brazilian Ministry of Science and Technology charged with scientific and technical research and the development of human resources, has recently announced \$22 million Brazilian reais (approximately US\$12.25 million) investment over the next few years for research in biodiesel and ethanol, through three sectoral funds: Petroleum and Natural Gas (CT-Petro), Agrobusiness (CT-Agro) and Biotechnology (CT-Biotecnologia). This R&D investment will be primarily designated for the center-west, north and northeast regions of Brazil, which have historically been underinvested for biofuels R&D.
- Sources (in Portuguese): <http://www.biodieselbr.com/noticias/energia/r1-r22-milhoes-pesquisa-biodiesel-etanol-23-10-07.htm> and CNPq links, <http://www.cnpq.br/editais/ct/2007/031.htm> and www.cnpq.br/editais/ct/2007/039.htm.

Investment Incentives and Tax Policies

¶4. (SBU) Investment incentives and tax policies to encourage development or adoption of biofuels:

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The FAS has a report designated for internal USG use only: BR5016, Fuel Taxes in Brazil. This report can also be obtained from the ATO.

Mandatory use regulations

¶5. (U) Mandatory use regulations:

BR7011 and BR7012 reports, mentioned in paragraph 2, contain this information.

Agricultural Feedstock Programs

¶6. (U) Information had been requested from FAPESP, IAC (Instituto Agronomico de Campinas, State of Sao Paulo), and EMBRAPA but has not been received as of Nov. 19, 2007.

Trade Policies

¶7. (SBU) Trade policies, including tariffs and preferential trade agreements:

The Brazilian Ministry of External Relations (MRE) has been very active, particularly in the past two years, in signing Memoranda of Understanding (MOUs) or other agreements on biofuels with a number of countries, including the United States. In addition, there has been significant private sector interest both from within and outside of Brazil in partnering with the GOB and Brazilian private industry. Following are the countries with which the MRE has published its signed agreements with regard to biofuels or renewable energy on its website (<http://www.mre.gov.br>):

Austria (Sep. 19, 2005)

Belize (Sept. 13, 2005)
Benin (Aug. 15, 2007)
Chile (Apr. 26, 2007)
Costa Rica (Dec. 13, 2005)
Ecuador (April 4, 2007 - several)
El Salvador (Sept. 13, 2005 and June 9, 2006 - Ethanol and Castor)
France (May 25, 2006)
Germany (June 15, 2005)
Guatemala (Sept. 12, 2005)
Guyana (Sept. 12, 2005)
Haiti (May 23, 2006)
Honduras (Aug. 7, 2007)
India (Apr. 8, 2002)
Jamaica (May 16, 2005/Feb. 15, 2007)
Mexico (Aug. 6, 2007)
Nicaragua (Aug. 8, 2007)
Panama (Sept. 13, 2005/Aug. 10, 2007)
Paraguay (May 21, 2007)
Senegal (May 16, 2007)
Slovenia (July 29, 1998)
South Korea (Nov. 16, 2004 (between Ministries of Mines and Energy)
United States of America (Mar. 9, 2007)
Uruguay (Feb. 26, 2007)

18. (SBU) Other agreements and "Plans of Action" that have more broadly encompassed "science and technology" cooperation-a few specifically mentioning renewable energy and biotechnology, some less specific or establishing bilateral consultative mechanisms--have also been signed with the following nations:

China (Mar. 25, 1982, with several adjustments since)
Cuba (March 18, 1987 and June 27, 1995, the latter specifically mentioning cellulosic bagasse)
European Union (Jan. 19, 2004; July 5, 2007)
Ghana (July 10, 2006) - Established EMBRAPA regional office
Hungary (July 20, 1986/Nov. 17 and 26, 1987)
Iraq (Aug. 26, 1981)
Israel (Feb. 5, 1973/May 29, 2005)
Italy (Feb. 12, 1997)
Ivory Coast (Oct. 27, 1972 and May 12, 1987)
Japan (May 25, 1984)
Kuwait (May 8, 2002)
Lebanon (Feb. 17, 2004)
Liberia (Nov. 21, 1977)

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Libya (June 30, 1978)
Malaysia (Apr. 26, 1996)
Mali (Oct. 7, 1981)
Morocco (April 10, 1984)
New Zealand (Nov. 4, 1986)
Pakistan (Oct. 1, 1988)
Peru (Nov. 9, 2006) Note: two agreements, one specifically on mining and energy and one on biotechnology
Tunisia (Mar. 13, 2002)
United Arab Emirates (Oct. 11, 1988)
United Kingdom and Northern Ireland (Mar. 7, 2006)

19. (SBU) As per paragraph 7 of reftel, following is a list of leading firms and organizations with significant industrial biotechnology production or R&D activities in liquid biofuels and/or bio-based chemicals, along with contact information (e-mail and website). For specific persons to contact at each organization, please consult the USDA's ATO as per para. 10. (Note that some interlocutors at these organizations may only speak Portuguese or very basic English, and many of the websites are only in Portuguese, as well.)

ABIOVE - Assoc. Bras. Ind. de Oleos Vegetais
Av. Vereador Jose Diniz 3707 - conj. 73
Sao Paulo SP
Tel. 55 11 5536-0733
Fax: 55 11 5536-9816
abiove@abiove.com.br
www.abiove.com.br

BRASIL Ecodiesel
End.Praia de Botafogo, 501 S/701 b
Rio de Janeiro RJ
55 21 2546-5018
55 21 2546-5040
ourique@brasilecodiesel.com.br
www.brasilecodiesel.com.br

COPERSUCAR
Av. Paulista, 287 - 1o, 2o e 3o Andares
Sao Paulo SP
55 11 6618-8824
55 11 6618-8570
amsetten@copersucar.com.br
www.copersucar.com.br

COSAN S/A Industria e Comercio
Av. Juscelino Kubitschek, 1726 - 6o Andar
Sao Paulo SP
55 11 3897 9797
55 11 3897 9787
cosansp@uol.com.br
www.cosan.com.br

CRYSTALSEV Comercio e Representacoes Ltda.
Av. Antonio Diederichsen, 400 - 18o Andar
Ribeirao Preto SP
55 16 2101-4400
55 16 3623-0300
damaris@crystalsev.com.br
www.crystalsev.com.br

CTC Centro de Tecnolgia Canavieira
Fazenda Santo Antonio s/no CP 162
Piracicaba SP
55 19 3429-8199
55 19 3429-8135
william@ctc.com.br
www.ctc.com.br

DEDINI S/A - Industria de Base
Rod.Rio Claro-Piracicaba Km 26,3
Piracicaba SP
55 19 3403-3006
55 19 3421-3642
jose.oliverio@dedini.com.br
www.dedini.com.br

GRANOL Ind. Com. E Exportacao S/A
Rua Carmo do Rio Verde, 241 - 6o Andar
Sao Paulo SP
55 11 2162-4400
55 11 2162-4400
granol@granol.com.br

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www.granol.com.br

GRUPO Agropalma
Rodovia PA 150, Km 74
Tailandia PA
55 91 4009-8199
55 91 4009-8066
porfirio@agropalma.com.br
www.agropalma.com.br

LOUIS Dreyfus Commodities Brasil S/A
Av. Brigadeiro Faria Lima, 1355 13o andar
Sao Paulo SP
55 11 3039-6893
55 11 3814-3235
fabio.morel@ldcommodities.com
www.ldcommodities.com

UNICA - Uniao da Agr. Canavieira de SP
Av. Brig. Faria Lima, 2179 - 9 and.

Sao Paulo SP
55 11 3812-2100
55 11 3812-1416
padua@unica.com.br
www.unica.com.br

¶10. (SBU) As referenced above, ITC may contact the ATO (Director: Morgan Perkins) in U.S. Consulate Sao Paulo for additional information on many of the reference points above; e-mail: morgan.perkins@usda.gov and tel. 55 11 5186-7188. Richard Driscoll, Economic, Science, Technology and Health (ESTH) Counselor in U.S. Embassy Brasilia, may be of assistance on the science, technology and environmental-related aspects of biofuels. E-mail: driscollrj@state.gov; tel. 55 61 3312-7401. Economic officer and Mission Brazil's biofuels coordinator Gabrielle Sarrano in U.S. Embassy Brasilia can help coordinate with ATO, ESTH, or others for any additional information needed; sarranogh@state.gov or tel. 55 61 3312-7154.

SOBEL